

UBS Investment Research

First Read: Research in Motion

Verizon & Vodafone Announce Touchscreen BlackBerry "Storm"

■ Two versions announced – 9530 and 9500

Two versions of the Storm are expected to launch – 9530 (EVDO Rev A, HSPA 2100MHz, quad-band EDGE, GPRS, GSM) and 9500 (similar to the 9530 except does not have EVDO Rev A). Features include 3.2megapixel camera, built-in GPS, 1GB onboard memory, Bluetooth (A2DP/AVRCP support to allow streaming to & Control through headsets), accelerometer, 5.5 hours talk time/15 hours standby.

■ Exclusive to Verizon & Vodafone; expect other operators shortly after

The Storm will be exclusive to Verizon Wireless in the US and to Vodafone in Europe, India, Australia, and New Zealand in November. We expect Bell & Telus to get the Storm shortly after Verizon. Although no pricing was provided, we expect the Storm to have "hero" status at least through the holidays (subsides & promotional activity). A Dow Jones article cites Vodafone indicating the phone will be free with monthly plans of GBP35 (~\$60).

■ Good news for RIM; shipments likely to start this month

We believe Storm shipments should start this month in order to be available in November. This should be good news for shares of RIM as timely launches are key to achieving guidance. We are also keeping an eye out for the BlackBerry Bold launch at AT&T as concerns over further delays linger.

■ Valuation: \$71 price target based on 18x our calendar 2009 EPS of \$3.99

Though the recent sell-off appears overdone, we maintain our Neutral rating.

Highlights (US\$m)	02/07	02/08	02/09E	02/10E	02/11E
Revenues	3,037	6,009	10,781	13,624	16,913
EBIT (UBS)	811	1,731	2,777	3,333	4,393
Net Income (UBS)	634	1,294	2,011	2,422	3,206
EPS (UBS, US\$)	1.11	2.26	3.49	4.16	5.44
Net DPS (UBS, US\$)	0.00	0.00	0.00	0.00	0.00

Profitability & Valuation	5-yr hist av.	02/08	02/09E	02/10E	02/11E
EBIT margin %	-	28.8	25.8	24.5	26.0
ROIC (EBIT) %	-	69.2	69.8	58.5	66.0
EV/EBITDA (core) x	-	23.9	10.3	8.6	6.1
PE (UBS) x	-	35.5	15.8	13.2	10.1
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Financial, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$55.05 on 07 Oct 2008 19:45 EDT

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Global Equity Research

Americas

Communications Technology

12-month rating **Neutral ***
Unchanged

12m price target **US\$71.00**
Unchanged

Price **US\$55.05**

RIC: RIMM.O BBG: RIMM US

8 October 2008

Trading data

52-wk range	US\$147.55-55.05
Market cap.	US\$31.6bn
Shares o/s	575m (COM)
Free float	84%
Avg. daily volume ('000)	23,006
Avg. daily value (US\$m)	2,341.2

Balance sheet data 02/09E

Shareholders' equity	US\$5.98bn
P/BV (UBS)	5.3x
Net Cash (debt)	US\$0.52bn

Forecast returns

Forecast price appreciation	+29.0%
Forecast dividend yield	0.0%
Forecast stock return	+29.0%
Market return assumption	7.3%
Forecast excess return	+21.7%

EPS (UBS, US\$)

	02/09E		02/08
	UBS	Cons.	Actual
Q1	0.84	0.84	0.39
Q2	0.86	0.86	0.50
Q3E	0.91	0.93	0.65
Q4E	0.88	0.98	0.72
02/09E	3.49	3.62	
02/10E	4.16	4.91	

Performance (US\$)



Source: UBS

www.ubs.com/investmentresearch

This report has been prepared by UBS Securities Canada Inc

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 5. * Exception to core rating bands; See page 7

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Research in Motion Limited

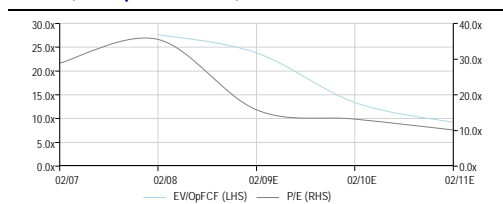
Income statement (US\$m)	02/04	02/05	02/06	02/07	02/08	02/09E	% ch	02/10E	% ch	02/11E	% ch
Revenues	595	1,350	2,066	3,037	6,009	10,781	79.4	13,624	26.4	16,913	24.1
Operating expenses (ex depn)	(491)	(928)	(1,388)	(2,150)	(4,170)	(7,814)	87.4	(10,063)	28.8	(12,292)	22.2
EBITDA (UBS)	103	423	678	887	1,839	2,966	61.3	3,561	20.1	4,621	29.8
Depreciation	(31)	(36)	(50)	(77)	(108)	(189)	75.0	(228)	20.5	(228)	0.0
Operating income (EBIT, UBS)	72	387	628	811	1,731	2,777	60.4	3,333	20.0	4,393	31.8
Other income & associates	0	0	0	0	0	0	-	0	-	0	-
Net interest	11	37	66	52	79	84	6.0	79	-6.7	90	14.8
Abnormal items (pre-tax)	(35)	(353)	(208)	0	0	0	-	0	-	0	-
Profit before tax	48	71	486	863	1,811	2,861	58.0	3,412	19.2	4,483	31.4
Tax	4	142	(104)	(228)	(517)	(850)	64.5	(989)	16.4	(1,278)	29.1
Profit after tax	52	213	382	634	1,294	2,011	55.5	2,422	20.4	3,206	32.3
Abnormal items (post-tax)	0	0	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	0	0	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	52	213	382	634	1,294	2,011	55.5	2,422	20.4	3,206	32.3
Net Income (UBS)	87	566	590	634	1,294	2,011	55.5	2,422	20.4	3,206	32.3
Tax rate (%)	-	-	27	26	29	30	4.1	29	-2.3	29	-1.7
Pre-abnormal tax rate (%)	-	-	15	26	29	30	4.1	29	-2.3	29	-1.7
Per share (US\$)	02/04	02/05	02/06	02/07	02/08	02/09E	% ch	02/10E	% ch	02/11E	% ch
EPS (local GAAP)	0.10	0.36	0.65	1.11	2.26	3.49	54.6	4.16	19.1	5.44	30.8
EPS (UBS)	0.17	0.96	1.00	1.11	2.26	3.49	54.6	4.16	19.1	5.44	30.8
Net DPS	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	0.24	1.02	1.09	1.25	2.45	3.82	56.1	4.55	19.1	5.83	28.0
BVPS	3.14	3.52	3.51	4.36	7.01	10.39	48.1	14.43	38.9	19.70	36.5
Balance sheet (US\$m)	02/04	02/05	02/06	02/07	02/08	02/09E	% ch	02/10E	% ch	02/11E	% ch
Cash and equivalents	1,156	948	635	987	1,605	1,918	19.5	3,303	72.2	5,186	57.0
Other current assets	199	597	624	932	1,872	2,881	53.9	3,516	22.0	4,275	21.6
Total current assets	1,355	1,544	1,259	1,919	3,477	4,800	38.0	6,819	42.1	9,461	38.8
Net tangible fixed assets	148	210	326	488	706	1,326	87.9	1,916	44.4	2,703	41.1
Net intangible fixed assets	94	113	115	256	589	987	67.6	987	0.0	987	0.0
Investments / other assets	334	754	614	426	739	686	-7.1	686	0.0	686	0.0
Total assets	1,931	2,621	2,314	3,089	5,511	7,799	41.5	10,408	33.4	13,837	33.0
Trade payables & other ST liabilities	209	631	284	546	1,474	1,676	13.7	1,832	9.3	2,020	10.3
Short term debt	0	0	0	0	0	7	1878.8	7	0.0	7	0.0
Total current liabilities	209	631	284	547	1,474	1,683	14.1	1,839	9.3	2,027	10.2
Long term debt	6	7	7	6	7	0	-	0	-	0	-
Other long term liabilities	0	0	28	53	96	135	40.5	165	22.4	201	22.0
Total liabilities	215	637	319	605	1,578	1,817	15.2	2,004	10.3	2,228	11.2
Equity & minority interests	1,716	1,984	1,995	2,483	3,934	5,982	52.1	8,404	40.5	11,609	38.1
Total liabilities & equity	1,931	2,621	2,314	3,089	5,511	7,799	41.5	10,408	33.4	13,837	33.0
Cash flow (US\$m)	02/04	02/05	02/06	02/07	02/08	02/09E	% ch	02/10E	% ch	02/11E	% ch
Net income	52	213	382	634	1,294	2,011	55.5	2,422	20.4	3,206	32.3
Depreciation	31	36	50	77	108	189	75.0	228	20.5	228	0.0
Net change in working capital	(29)	183	(396)	(142)	105	(863)	-	(448)	-48.0	(535)	19.3
Other (operating)	24	(113)	115	171	82	55	-33.1	0	-	0	-
Net cash from operations	78	320	150	740	1,589	1,392	-12.4	2,202	58.2	2,898	31.6
Capital expenditure	(54)	(149)	(202)	(314)	(726)	(1,147)	57.9	(817)	-28.7	(1,015)	24.1
Net (acquisitions) / disposals	(143)	(597)	(42)	(13)	(497)	(30)	-94.0	0	-	0	-
Other changes in investments	0	(28)	311	(37)	69	72	-	0	-	0	-
Cash from investing activities	(197)	(773)	67	(365)	(1,154)	(1,104)	-4.3	(817)	-26.0	(1,015)	24.1
Increase/(decrease) in debt	(46)	0	(391)	(204)	18	12	-	0	-	0	-
Share issues / (repurchases)	995	54	23	45	63	22	-	0	-	0	-
Dividends paid	0	0	0	0	0	0	-	0	-	0	-
Other cash from financing	(14)	0	0	0	0	0	-	0	-	0	-
Cash from financing activities	934	54	(368)	(160)	80	34	-57.8	0	-	0	-
Cash flow chge in cash & equivalents	816	(399)	(150)	216	515	322	-	1,384	-	1,884	-
FX / non cash items	-	191	(162)	136	103	(9)	-	0	-	0	-
Bal sheet chge in cash & equivalents	-	(209)	(312)	352	618	313	-	1,384	-	1,883	-
Core EBITDA	103	423	678	887	1,839	2,966	61.3	3,561	20.1	4,621	29.8
Maintenance capital expenditure	(22)	(109)	(179)	(254)	(352)	(816)	131.8	(817)	0.2	(1,015)	24.1
Maintenance net working capital	(29)	183	(396)	(142)	105	(863)	-	(448)	-48.0	(535)	19.3
Operating free cash flow, pre-tax	53	497	103	491	1,592	1,287	-19.2	2,295	78.3	3,071	33.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Note: For some companies, the data represents an extract of the full company accounts.

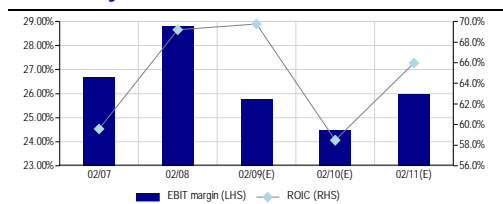
Company profile

Research In Motion provides enterprise customers with a secure, end-to-end wireless e-mail system. This is an industrial-strength solution for corporate and government customers. The company's flagship product is BlackBerry, a handset that offers secure wireless access to corporate e-mail, the web and traditional PDA functions. New versions of BlackBerry include cell-phone capabilities. The BlackBerry system is composed of a wireless handheld device and a secure enterprise server. Other products include interactive pagers and embedded wireless modules. Major customers include AT&T Wireless, Cingular, VoiceStream, BT Cellnet/mm02 and Telecom Italia Mobile. RIM is based in Waterloo, Canada, and has approximately 1,800 employees.

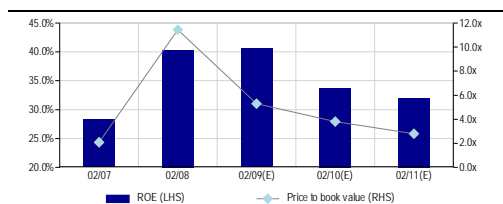
Value (EV/OpFCF & P/E)



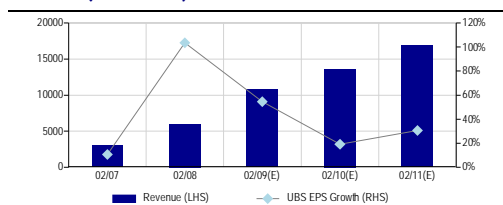
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
P/E (local GAAP)	-	28.9	35.5	15.8	13.2	10.1
P/E (UBS)	-	28.9	35.5	15.8	13.2	10.1
P/CEPS	-	25.7	32.8	14.4	12.1	9.4
Net dividend yield (%)	-	0.0	0.0	0.0	0.0	0.0
P/BV	4.6	7.3	11.4	5.3	3.8	2.8
EV/revenue (core)	-	5.7	7.3	2.8	2.3	1.7
EV/EBITDA (core)	-	19.4	23.9	10.3	8.6	6.1
EV/EBIT (core)	-	21.2	25.4	11.0	9.2	6.4
EV/OpFCF (core)	-	NM	27.7	23.8	13.4	9.2
EV/op. invested capital	-	NM	NM	7.7	5.4	4.2

Enterprise value (US\$m)	02/07	02/08	02/09E	02/10E	02/11E
Average market cap	18,008	44,899	31,634	31,634	31,634
+ minority interests	0	0	0	0	0
+ average net debt (cash)	(359)	(125)	(264)	(264)	(2,660)
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(426)	(739)	(686)	(686)	(686)
Core enterprise value	17,224	44,035	30,684	30,684	28,288

Growth (%)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
Revenue	-	47.0	97.9	79.4	26.4	24.1
EBITDA (UBS)	-	30.9	107.3	61.3	20.1	29.8
EBIT (UBS)	-	29.1	113.6	60.4	20.0	31.8
EPS (UBS)	-	10.7	103.4	54.6	19.1	30.8
Cash EPS	-	14.4	96.6	56.1	19.1	28.0
Net DPS	-	-	-	-	-	-
BVPS	0.3	24.1	60.8	48.1	38.9	36.5

Margins (%)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
EBITDA / revenue	-	29.2	30.6	27.5	26.1	27.3
EBIT / revenue	-	26.7	28.8	25.8	24.5	26.0
Net profit (UBS) / revenue	-	20.9	21.5	18.7	17.8	19.0

Return on capital (%)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
EBIT ROIC (UBS)	-	59.6	69.2	69.8	58.5	66.0
ROIC post tax	-	43.8	49.5	49.0	41.5	47.2
Net ROE	-	28.3	40.3	40.6	33.7	32.0

Coverage ratios (x)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
EBIT / net interest	-	-	-	-	-	-
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (% UBS EPS)	-	-	-	-	-	-
Net debt / EBITDA	-	NM	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
Revenue / op. invested capital	-	2.2	2.4	2.7	2.4	2.5
Revenue / fixed assets	-	5.1	5.9	6.0	5.2	5.1
Revenue / net working capital	-	3.8	3.9	4.7	4.2	4.8

Investment ratios (x)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
OpFCF / EBIT	-	0.6	0.9	0.5	0.7	0.7
Capex / revenue (%)	-	10.4	12.1	10.6	6.0	6.0
Capex / depreciation	-	4.1	6.7	6.1	3.6	4.5

Capital structure (%)	5Yr Avg	02/07	02/08	02/09E	02/10E	02/11E
Net debt / total equity	-	(9.7)	(0.2)	(8.7)	(13.0)	(36.4)
Net debt / (net debt + equity)	-	(10.7)	(0.2)	(9.5)	(15.0)	(57.2)
Net debt (core) / EV	-	(2.1)	(0.3)	(0.9)	(0.9)	(9.4)

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$55.05 on 07 Oct 2008 19:45 EDT Market cap(E) may include forecast share issues/buybacks.

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* Exception to core rating bands; See page 7

■ Research in Motion Limited

Research In Motion provides enterprise customers with a secure, end-to-end wireless e-mail system. This is an industrial-strength solution for corporate and government customers. The company's flagship product is BlackBerry, a handset that offers secure wireless access to corporate e-mail, the web and traditional PDA functions. New versions of BlackBerry include cell-phone capabilities. The BlackBerry system is composed of a wireless handheld device and a secure enterprise server. Other products include interactive pagers and embedded wireless modules. Major customers include AT&T Wireless, Cingular, VoiceStream, BT Cellnet/mm02 and Telecom Italia Mobile. RIM is based in Waterloo, Canada, and has approximately 1,800 employees.

■ Statement of Risk

Predictability/Valuation Risk: We consider RIM a high-risk, potentially high reward stock due to valuation and volatility. RIM is in the early stages of growth and is entering new markets with new products, which makes forecasts volatile. Currently, hardware sales are greater than new subscriber additions, partly due to a strong upgrade cycle and filling of new distribution channels. This creates the risk of an inventory correction or slowdown in sales. We think RIM's business model, with recurring revenues from monthly subscriber fees, deserves a premium valuation. With a recent history of high earnings growth, the stock carries valuation risk.

■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	56%	36%
Neutral	Hold/Neutral	35%	33%
Sell	Sell	8%	27%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	32%
Sell	Sell	less than 1%	14%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2008.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are :

Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE) : Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Research in Motion Limited ^{2a, 2b, 16, 20}	RIMM.O	Neutral (CBE)	N/A	US\$55.05	07 Oct 2008

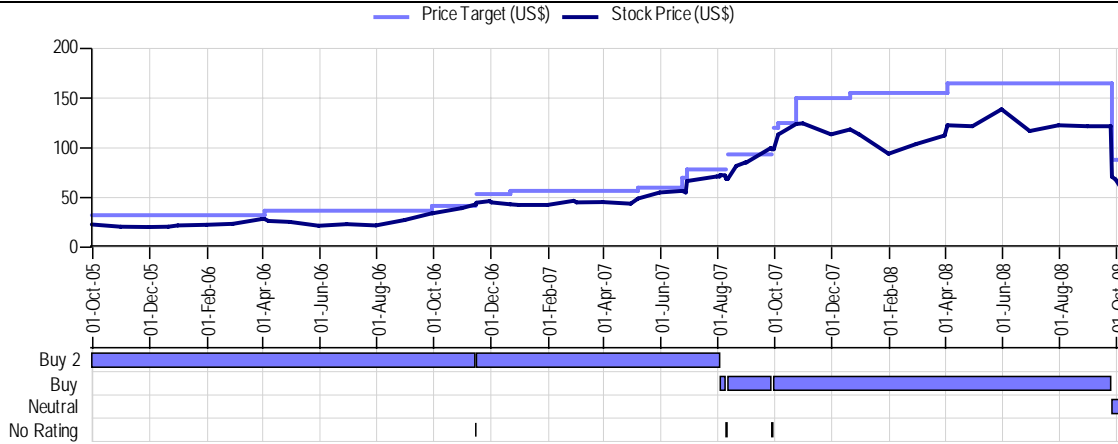
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

- 2a. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past five years.
- 2b. UBS Securities Canada Inc or an affiliate has acted as manager/co-manager, underwriter or placement agent in regard to an offering of securities of this company/entity within the past five years.
- 16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
- 20. Because UBS believes this security presents significantly higher-than-normal risk, its rating is deemed Buy if the FSR exceeds the MRA by 10% (compared with 6% under the normal rating system).

The analyst responsible for this report has reviewed the material operations of the issuer and/or met with senior management. Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Research in Motion Limited (US\$)



Source: UBS; as of 07 Oct 2008

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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